GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:2427
ANSWERED ON:03.12.2007
DHARIWAL MILLS
Singh Shri Mohan

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government is contemplating to revive Lal Imli and Dhariwal Mills;

(b) if so, whether the Government has forwarded a proposal in this regard to Board for Industrial and Financial Reconstruction (BIFR);

(c) if so, the details thereof and the reaction of BIFR thereto; and

(d) the time by which the said scheme is likely to be implemented?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a) to (d): The two woolen units of British India Corporation (BIC) namely Cawnpore Woollen Mills i.e. Lal Imli and New Egerton Woollen Mills i.e. Dhariwal, are functioning at present. The Board for Industrial and Financial Restructuring (BIFR) had sanctioned a Rehabilitation Scheme in December, 2002 for revival of BIC Ltd. However, it could not be implemented within the stipulated time period. Also, a number of factors like technical, financial and legal, involved in the scheme had changed in the time span. In view of these, the BIFR directed to submit draft of Modified Rehabilitation Scheme (MRS) in its hearing held on 28.11.2005.

The MRS, as directed by BIFR was prepared by the Operating Agency (OA), i.e. Industrial Development Bank of India (IDBI) in consultation with the company and submitted to BIFR for its consideration and approval. Presently the scheme is under consideration of BIFR. Details of MRS are given at Annexure.

Annexure

Salient features of MRS of BIC Ltd. as submitted to BIFR

The said MRS proposes the following features broadly:

i) Voluntary Retirement Scheme (VRS) to 772 surplus employees with an expenditure of Rs.60 Crores. Govt. will provide these funds as grant.

ii) Govt. grant for payment of salary & wages amounting to Rs.25 Crores per annum for two years i.e. the implementation period of the Scheme.

iii) Conversion of interest bearing Govt. loan of Rs.19.80 Crores with interest accrued thereon upto 30.09.2007 i.e. the cut off date and Rs.37 Crores interest free loan into grant.

iv) Waive off of Rs.2.13 Crores Guarantee Commission outstanding as on date.

v) Interest free Govt. loan Rs.47.35 Crores for payment of conversion charges of leasehold land into freehold.

vi) The Company will sell its surplus assets of the value Rs.116 Crore approx in the years 2007-08 and 2008-09.

vii) The Company will be converted from loss making to profit making in the year 2011-12. The net worth of the Company will become positive in the year 2008-09.

viii) The Company has planned to open retail outlets throughout the country. After implementation of the proposed Scheme, the two units of BIC, namely, `Lal-imli, Kanpur and `Dhariwal` at Punjab will become most modernised units of woollen sector.